

August 8, 2006

Sales and Use Tax - Molds and Dies. EFFECTIVE JULY 1, 2006, THE EXEMPTION FOR MOLDS AND DIES UNDER THE MANUFACTURING MACHINERY AND EQUIPMENT IS EXPANDED.

Under the manufacturing machinery and equipment exemption, a manufacturer's purchase of molds and dies for use in manufacturing to determine the physical characteristics of the finished product or its packaging material is exempt. The manufacturing machinery and equipment exemption became effective on January 1, 2006.

Laws 2006, LB 1189, expands the manufacturing machinery and equipment exemption to include a manufacturer's purchase of raw materials used to construct its own molds or dies that will be used in its manufacturing process. In addition, such manufacturer's purchases of chemicals, catalysts, and solutions used in constructing its own molds or dies is exempt.

Beginning July 1, 2006, a manufacturer may purchase the raw materials used to construct its own molds or dies and any chemicals, catalysts, and solutions used in constructing its own molds and dies tax-free. The manufacturer must issue the vendor of the raw materials, chemicals, catalysts, and solutions a Nebraska Resale or Exempt Sale Certificate, Form 13.

A manufacturer which produces and sells molds and dies may continue to purchase its raw materials tax-free for resale. However, it must pay tax on the purchase of chemicals, catalysts, and solutions used and consumed in producing the molds and dies which are sold.

The purchase of raw materials, parts, chemicals, catalysts, or solutions by a manufacturer to construct its own machinery or equipment that is not a mold or die remains taxable. Such purchases are taxable regardless of whether or not the manufacturer will use the self-constructed machinery or equipment in its manufacturing process.

The provisions of Revenue Ruling 1-05-01, Manufacturing Machinery and Equipment, are superseded to the extent that they do not provide for the expanded exemption contained in Laws 2006, LB 1189.

APPROVED:



Mary J. Egr Edson
State Tax Commissioner

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